UNITED STATES DIS SOUTHERN DISTRICT	STRICT COURT FOF NEW YORK
MADISON SQUARE GARDEN, L.P.,	X )
Plaintiff,	) No. 07 CIV. 8455 (LAP)
v.	<u>(</u>
NATIONAL HOCKEY LEAGUE, NATIONAL HOCKEY LEAGUE ENTERPRISES, L.P., NATIONAL HOCKEY LEAGUE INTERACTIVE CYBERENTERPRISES, L.L.C., NHL ENTERPRISES CANADA, L.P., and NHL ENTERPRISES, B.V.,	) ) ) ) )
Defendants.	)
	- X

# DECLARATION OF SCOTT RICHMAN IN SUPPORT OF PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION

I, SCOTT RICHMAN, declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the following is true and correct:

1. I am the Senior Vice President and General Manager for MSG Interactive, a division of Madison Square Garden, L.P. ("MSG"). As such, I am responsible for the business and operations of all of MSG Interactive's web-based and wireless initiatives for all the teams, venues and network owned and operated by MSG, including the team website for the New York Rangers hockey team (the "Rangers"). I submit this affidavit in support of MSG's motion for a preliminary injunction in the above-captioned action, and I have personal knowledge of the facts stated below.

The NHL Refuses to Allow the Rangers to Continue Operating Their Own Website Apart from the League Mandated Platform

2. Earlier this summer, representatives from the NHL and MSG met to discuss the League's plan to take over and standardize the Rangers' website. At that meeting,

MSG expressed its concerns related to, among other things, the Rangers losing their ability to control the content and quality of their website. The meeting ended positively with the NHL and MSG agreeing to meet again, and also agreeing to have the appropriate technical personnel meet, to explore possible alternatives to the League taking away the Rangers website.

- 3. Over the next few months, there were discussions between representatives from the League and MSG relating to MSG's website and the League's new media strategy.

  MSG suggested as a possible solution the existence of two Ranger-themed sites, one operated by the Rangers and one operated by the NHL. MSG even offered to assist the League by programming the NHL site. The NHL rejected this proposal.
- 4. MSG informed the NHL during these various discussions that it wanted to keep the Rangers website on MSG's server, assuring the League that MSG still could accommodate the NHL's new media strategy even while operating its own site. MSG explained that it was important for MSG to operate the Rangers website because MSG operates the websites of its other businesses on some of those same servers. Turning its Rangers site over to the NHL would therefore be disruptive to MSG's overall strategy of coordinating the operation of the Rangers website with several of MSG's other websites. In addition, the NHL's approach would preclude MSG from selling certain network-wide advertising packages, which provide substantial revenue for MSG.
- 5. During the meetings, MSG said repeatedly that it was willing to allow the League to receive content from the Rangers and to make portions of the team's website available for League advertisement. At one point, Robert Hawkins, the NHL's lawyer, suggested a continuation of the talks after Labor Day to allow the parties to discuss how MSG could accommodate the League's interest in posting content and advertising on the Rangers website.

- 6. On a September 5, 2007 conference call, however, the NHL adopted a completely different tone. Specifically, the League rejected the idea of continuing to allow MSG to keep the Rangers website on MSG's server, and instead demanded that the Rangers start publishing its website on the League's platform, so that the site could be located on the League's servers. The NHL's representative, Keith Ritter, refused to consider the Rangers' alternative proposal, asserting that doing so might make it difficult to meet the NHL's timeline for launching the League's website before the start of the upcoming season. He flatly told us that, even if MSG did not start publishing the Rangers website on the NHL's platform, the NHL would include its own Rangers website on the League platform with or without the Rangers' cooperation. Ritter previously had said that there could be only one official website for the Rangers, and that we would have to direct the URL newyorkrangers.com to the NHL's server just as other teams had done.
- 7. I understand that, on or about September 20, 2007, the NHL sent a letter to MSG stating that, starting on or about September 29, 2007, the League will fine the Rangers \$100,000 for each day that MSG continues to operate the Rangers website on MSG's server.

  The Impact of the NHL's Actions on MSG's Unique Website Opportunities
- 8. The NHL's approach to collectivizing team websites will have a direct impact on the Rangers in that it will adversely affect the team's ability to communicate with its fans and to fully use this important distribution channel. Indeed, it is my understanding that to date the NHL has demonstrated no ability to fully take advantage of (that is, to monetize) the banner advertising space that it has already taken over on all the teams' websites.
- 9. The NHL's approach will also uniquely injure MSG and its other businesses. In particular, the NHL's actions will disrupt MSG's ability to cross-market its

various other businesses. The Rangers are one of the few NHL teams that are owned by a media company that operates other sports and entertainment businesses. MSG, which is ultimately owned by Cablevision, owns or operates the New York Knicks, the New York Liberty, Radio City Music Hall, the Beacon Theatre, the WaMu Theater at Madison Square Garden, as well as the Madison Square Garden arena itself, which hosts numerous concerts, prize fights, rodeos, circuses and countless other entertainment events, and two regional sports cable television networks. MSG has linked the websites of its various enterprises for purposes of enabling cross-promotion of its numerous other entertainment offerings, and fans can easily travel between these sites and be presented with promotional information about MSG's various events. This capability will be irreparably disrupted if the NHL is allowed to force the Rangers' unique, individualized website into the NHL's League-oriented, homogenous template, which will cut, or sharply reduce, MSG's ability to promote other MSG offerings on prime locations on the Rangers website.

10. On information and belief, the harm that MSG will suffer in terms of lost tickets sales, sponsorship, advertising and merchandising resulting from the NHL's confiscation of the Rangers website will, because of the very nature of such Internet-related opportunities, be difficult if not impossible to quantify. Revenues from advertisers and sponsors who otherwise would make the choice specifically to advertise on the Rangers website, rather than on the NHL's website or the website of one of the other NHL clubs, would either be lost or diverted to the NHL or other teams, but the extent of such losses will be difficult to track. The value of the Rangers brand will be diluted, which in turn will adversely affect the team's other businesses, but again quantifying that dilution may prove difficult. And tracing specific lost sales to reduced website traffic will necessarily be indeterminate, and it will be very hard to quantify the long-

term harm to the team's relations with its sponsors, advertisers, distributors, and customers, particularly with respect to lost goodwill and reputation.

URL newyorkrangers.com), it will effectively deprive MSG of the value of its substantial investment in developing the Rangers brand through website-based initiatives. The League will divert user traffic from the Rangers site to the NHL's website, and this will substantially harm MSG.

## The Effect of the NHL's Actions on the Valuable Rangers Brand

- manufactured and sold under its trademark, including the "content" distributed on other websites programmed by the Rangers *i.e.*, the video clips, commentary, articles, analysis, photos, statistics, promotions, and any number of other forms of communication directed to and consumed by the team's fans and potential fans. The Rangers have exercised that right over the years to develop one of the truly premium hockey brands. MSG has invested millions of dollars in developing that brand, promoting it, and ensuring it remains a "luxury" mark.
- presentation of its own brand and how that brand is presented to web users. In that case, the Rangers site will become more League-focused, and less Rangers-focused, with MSG having more limited opportunities to promote the Rangers and Rangers hockey on the home page of its own site. Rather, a more significant portion of the team's home page will be occupied by League content and promotions, and League-generated advertisements. The home page is the most valuable real estate on any website and it dwarfs all other pages on the same site in terms of the number of "hits." To the extent the team is allowed under the NHL's plan to provide the

content its fans currently enjoy, the Rangers' ability to differentiate itself from other teams will be relegated to the back pages of the website, which are more difficult to navigate and less visible to first-time viewers, meaning that Rangers fans and potential fans will have reduced access to stories, background information, analysis, highlights, and other content uniquely about the Rangers that MSG now posts on the team's home page.

- 14. The value of the Rangers' brand will also be adversely affected by the comparatively poor quality of the NHL's website. The Rangers will be forced into the less personalized, more homogenized, highly standardized format espoused by the NHL, which in my opinion as head of MSG's Interactive's web-based and wireless initiatives, lacks originality, imagination and fan interactive opportunities. The NHL's website design is expressly premised on promoting uniformity among the Member Clubs and how they present themselves to fans. The Rangers home page will be located solely within, and only accessible through, the NHL's website, with the NHL's generic site architecture, content and presentation and with much of the Rangers' content being suppressed to the NHL site's back pages. In short, the League will be taking a luxury Rangers brand and effectively distributing it under a generic label, wasting the value of the brand and threatening its irreparable dilution.
- Rangers website, will then acquire access to the Rangers' proprietary customer lists. At present, the Rangers have customer lists which the team has created through the operation, for a number of years now, of its website. The website also gives the Rangers the ability to identify potential future customers and fans, and to create newer and more complete customer lists based on identification information provided by visitors to their website. The NHL has repeatedly asked MSG for the Rangers' customer lists and MSG has rightfully refused to provide its proprietary

Case 1:07-cv-08455-LAP Document 11 Filed 10/04/07 Page 7 of 8

lists to the NHL. If the NHL has its way, it will gain the technological capability to identify and

create lists of existing and potential Rangers customers, allowing the League to replicate and use

the Rangers existing list, putting the Rangers in the position of having to seek the lists of its own

potential fans and customers from the League.

16. Moreover, on information and belief, preserving the existing Rangers

website regime should not adversely affect third parties. The other NHL teams will still be able

to relinquish their websites to the League. The League can keep its 30-team website platform.

Rangers' existing sponsors and advertisers will not be harmed; indeed keeping the website in

MSG's control will preserve their ability to access Rangers fans under existing contractual

arrangements.

Dated: New York, New York

September 30, 2007

SCOTT RICHMAN

### **CERTIFICATE OF SERVICE**

I declare that on October 4, 2007, I caused the attached, DECLARATION OF SCOTT

### RICHMAN IN SUPPORT OF PLAINTIFF'S MOTION FOR PRELIMINARY INJUNCTION,

to be served by hand-delivery on the following counsel:

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Attorneys for Defendants

I declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York

October 4, 2007

**JONES DAY** 

By: /s/ Robert W. Gaffey

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